

Government of India
Ministry of Finance
Department of Revenue

LOK SABHA

UNSTARRED QUESTION NO. 240

TO BE ANSWERED ON MONDAY, 05th February, 2024
Magha 16, 1945(Saka)

Involvement of Bogus Firms in Evasion of ITC

240. DR. SUKANTA MAJUMDAR:

SHRI BHOLA SINGH:

SHRI RAJA AMARESHWARA NAIK:

SHRI VINOD KUMAR SONKAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Goods and Services Tax (GST) authorities have detected 4,153 bogus firms involved in suspected evasion of input tax credit (ITC) worth around Rs. 12,036 crore during October-December 2023 and if so, the details thereof;
- (b) whether Maharashtra is in the top spot among 36 States and Union Territories (UTs) with the highest number of 926 bogus firms with suspected tax evasion of Rs. 2,201 crore and if so, the details thereof;
- (c) whether this detection has helped in protection of revenue of Rs. 1,317 crore out of which Rs. 319 crore has been realised and Rs. 997 crore has been protected by blocking input tax credit and if so, the details thereof;
- (d) whether 41 persons have been arrested in these cases so far and if so, the details thereof; and
- (e) the steps taken/being taken by the Government to prevent such financial crimes in the country?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE **(SHRI PANKAJ CHAUDHARY)**

- (a) & (b) Yes Sir. As reported in the press release issued by Ministry of Finance on 07.01.2024 (Annexure 1) 4,153 bogus firms involved in suspected Input Tax Credit (ITC) evasion of Rs 12,036 crore were detected in a sustained drive against non-existent tax payers by GST formations across the country during October-December 2023. An amount of Rs. 12,036 Crore (Rs.3,619 Crore (State) + Rs. 8,417 Crore (Centre)) of fake ITC has been detected. In the State of Maharashtra 926 bogus firms (282 by Central GST Authorities + 644 by State GST Authorities) involved in suspected Input Tax Credit (ITC) evasion of Rs. 2,201 crore were detected.
- (c) & (d) Yes Sir. This detection has helped in protection of revenue of Rs. 1,317 crore of which Rs. 319 crore has been realised and Rs. 997 crore has been protected by blocking ITC. 41 persons were arrested in these cases.
- (e) The registration process under GST offers robust checks in the form of physical verification of premises and Aadhar authentication. The said checks have enabled in early detection of fraudulent registrations and has also curbed fraudulent registrations to a great extent. Further pilot projects of biometric based Aadhar authentication at the time of registration have been launched in the States of Gujarat, Puducherry and Andhra Pradesh to further strengthen the registration process. Besides, to curtail evasion of tax the Government has taken measures such as sequential filing of GST returns, system generated intimation for reconciliation of the gap in tax liability in GSTR-1 & GSTR-3B returns and of the gap between ITC available as per GSTR-2B & ITC availed in GSTR-3B returns, use of data analytics and risk parameters for detection of fake ITC. To curb frauds in Goods and Services Tax (GST) and increase compliance, the GST formations, under the Central Board of Indirect Taxes and Customs (CBIC) and the State/UT Governments, across the country regularly take action to detect and take action against non-existent / bogus registrations and issuance of fake invoices without any underlying supply of goods and service.

Ministry of Finance

29,273 bogus firms involved in suspected Input Tax Credit (ITC) evasion of Rs. 44,015 crore detected in a sustained drive against non-existent taxpayers by GST formations across the country since May 2023; 121 arrested

Posted On: 07 JAN 2024 6:01PM by PIB Delhi

To curb frauds in Goods and Services Tax (GST) and increase compliance, the GST formations, under the Central Board of Indirect Taxes and Customs (CBIC) and the State/UT Governments, across the country are carrying out a focused drive on the issue of non-existent / bogus registrations and issuance of fake invoices without any underlying supply of goods and services.

Since the initiation of the special drive against fake registrations in mid-May 2023, a total of 29,273 bogus firms involved in suspected Input Tax Credit (ITC) evasion of Rs. 44,015 crore have been detected. This has saved Rs. 4,646 crore of which Rs. 3,802 crore is by blocking of ITC and Rs. 844 crore is by way of recovery. So far, 121 arrests have been made in the cases.

In the quarter ending December, 2023, 4,153 bogus firms that involved suspected ITC evasion of around Rs.12,036 crore were detected. 2,358 of these bogus firms were detected by the Central GST Authorities. This has protected revenue of Rs. 1,317 crore of which Rs. 319 crore has been realised and Rs 997 crore has been protected by blocking ITC. 41 persons were arrested in these cases. 31 of these arrests were by Central GST Authorities. State wise details are annexed.

The Government has taken various measures to strengthen the GST registration process. Pilot projects of biometric based Aadhar authentication at the time of registration have been launched in the States of Gujarat, Puducherry and Andhra Pradesh.

Besides, the Government has endeavoured to curtail evasion of tax through measures such as sequential filing of GST returns, system generated intimation for reconciliation of the gap in tax liability in GSTR-1 & GSTR- 3B returns and of the gap between ITC available as per GSTR-2B & ITC availed in GSTR-3B returns, use of data analytics and risk parameters for detection of fake ITC, etc.

Action against bogus firms during Quarter ending in December 2023

Name of the State/UT	Number of bogus firms detected	Tax Evasion suspected (Rs Cr.)	ITC amount blocked / recovered (Rs Cr.)	Arrests Made	Fake firms per lakh registered firms
Andhra Pradesh	19	765	11	0	5
Arunachal Pradesh	0	13	14	0	0
Assam	19	116	67	0	8
Bihar	30	148	88	0	5
Chandigarh	2	5	1	0	6
Chhattisgarh	26	83	34	1	15
Dad. & Ngr Haveli	0	0	0	0	0
Delhi	483	3028	90	11	61
Goa	4	29	0	0	9
Gujarat	178	445	25	3	15
Haryana	424	624	76	3	81
Himachal Pradesh	4	14	4	0	3
J&K	3	1	0	0	2
Jharkhand	23	110	2	0	11
Karnataka	223	397	59	2	22
Kerala	42	152	4	0	10
Ladakh	0	0	0	0	0
Madhya Pradesh	70	158	22	1	13
Maharashtra	926	2201	102	11	54

Manipur	0	0	0	0	0
Meghalaya	0	5	0	0	0
Mizoram	0	0	0	0	0
Nagaland	0	0	0	0	0
Odisha	138	337	7	0	42
Puducherry	2	2	0	0	8
Punjab	82	75	4	1	21
Rajasthan	507	197	31	1	59
Sikkim	2	2	2	0	18
Tamil Nadu	185	494	374	1	16
Telangana	117	536	235	1	23
Tripura	9	20	0	0	29
Uttar Pradesh	443	1645	44	5	24
Uttarakhand	66	88	0	0	33
West Bengal	126	343	18	0	17
And. & Nicobar Is	0	0	0	0	0
Lakshadweep	0	0	0	0	0
Total	4153	12036	1317	41	29

NB/VM/KMN

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